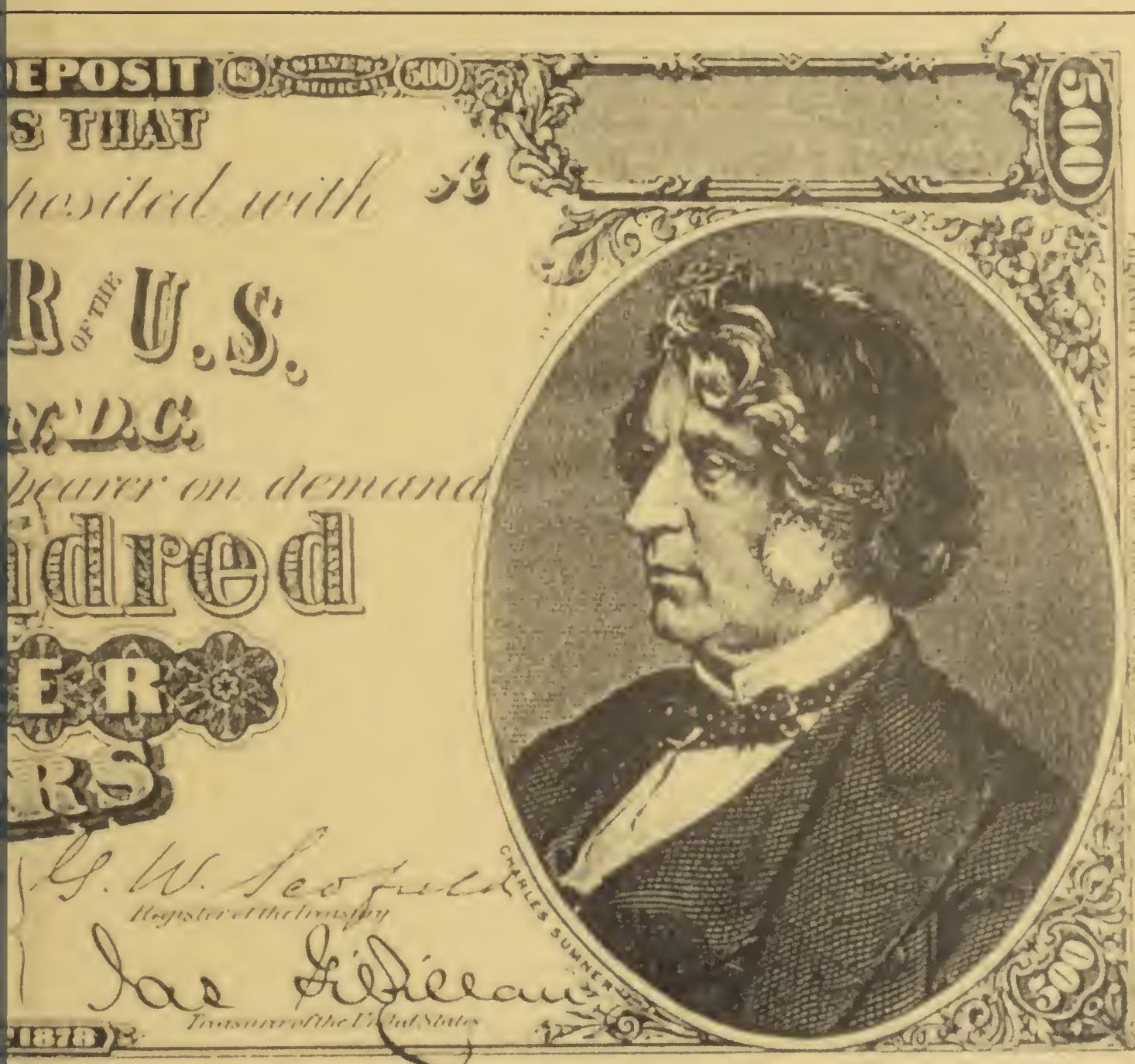


Official Publication of the Paper Money Collectors of Michigan

The Rag Picker

VOLUME XXXVI, NUMBER 1

JANUARY, FEBRUARY, MARCH 2001

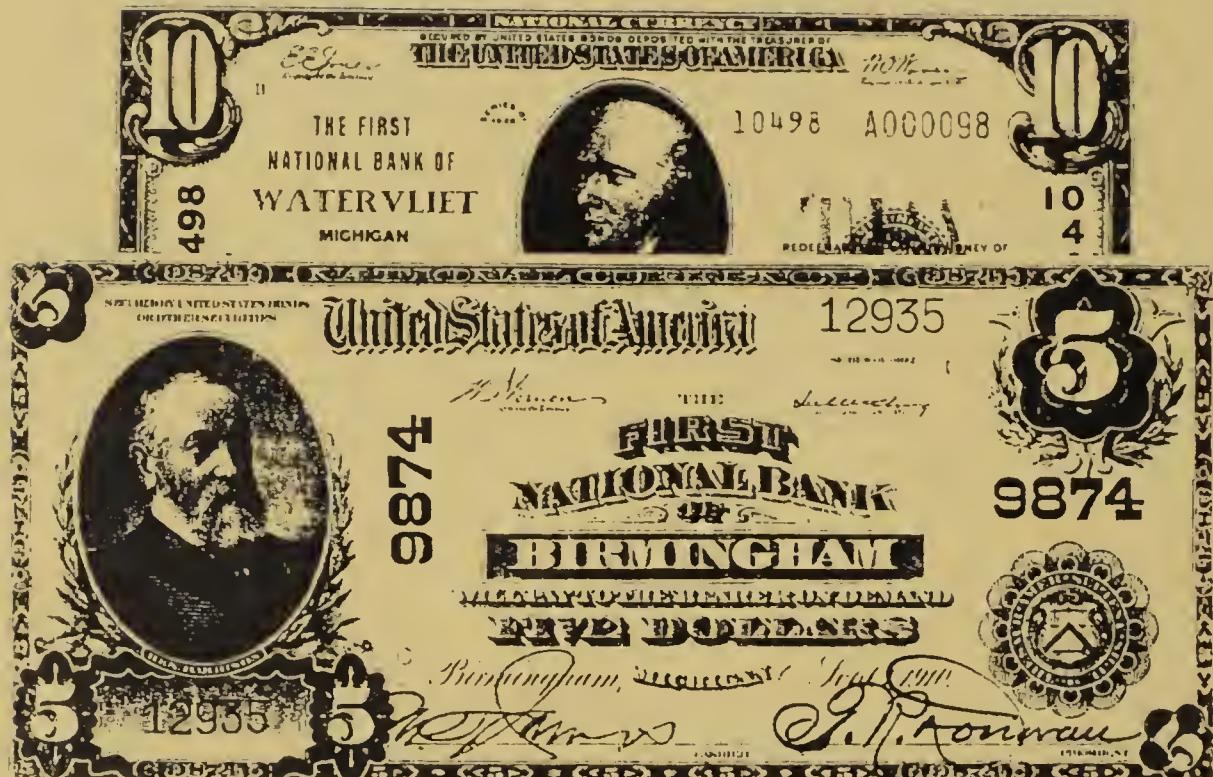


Approved:

J. E. Swigart

Assistant Director

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If I can't add it to my personal collection, I'm sure one of my 500 names of fellow collectors will!

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OFFICIAL PUBLICATION
OF THE
PAPER MONEY COLLECTORS OF MICHIGAN

Volume XXXVI January-March 2001

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1999-01 Officers of the PMCM

| | | |
|-----------|---------------------|----------------|
| Pres. | Dr. Wallace Lee | 102 Conda Lane |
| | Oxford, MI 48371 | |
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| | Kalamazoo, MI 49003 | |
| Sec/Treas | Robert Thiel | PO Box 163 |
| | Victor NY 14564 | |

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Larry Falater, PO Box 81, Allen MI 48843
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Frank Clark, PO Box 117060, Carrollton, TX 75011
Robt Hodges, 120 Cleveland, Chagrin Falls, OH 44022
Editor, W. Brandimore, 1009 Nina, Wausau, WI 54403

CLOSING DATES FOR COPY AND ADS -- The 15th of January, April, July and October. Address mail to the EDITOR.

2001 Membership dues, if not paid, are due now. Please remit promptly and direct all dues and business correspondence concerning PMCM to: Robert Thiel, PO Box 163, Victor NY 14565

| ADVERTISING | 1 ISSUE | 4 ISSUES |
|---------------|---------|--------------|
| BACK COVER | \$30.00 | \$27.00 Each |
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| FULL PAGE | 22.50 | 20.00 " |
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TREASURER'S REPORT BY ROBERT THIEL # 1686

FIDELITY INVESTMENTS

| | | |
|----------|---------------------------------|-------------|
| 09-14-00 | 366.557 shares @ 54.58..... | \$20,006.68 |
| 09-15-00 | 1.571 shares @ 53.68 Reinvest.. | 83.31 |
| 12-12-00 | 368.128 shares @ 55.08..... | 20,276.49 |
| 12-31-00 | 384.418 shares @ \$53.43..... | 20,539.45 |

SAVINGS ACCOUNT

| | | |
|----------|---------------------------------|------------|
| 11-16-00 | Balance Canandaigua N.Bank..... | 2,690.37 |
| | Dues..... | 1,134.00 |
| | Interest..... | 13.73 |
| | Donation to ANA Library | 500.00 |
| | MI State Show Expenses | 322.00 |
| | Stamps & Dues notices | 67.00 |
| | Jan-Mar Rag Picker | 1000.00 |
| 02-20-01 | Balance Canandaigua N. Bank.... | \$1,949.10 |

02-20-01 59 Members have not paid 2001 dues.
19 new members have joined so far in 2001.

Mark Clapp..David Bialer..Nelson Aspen
Donated 6.00

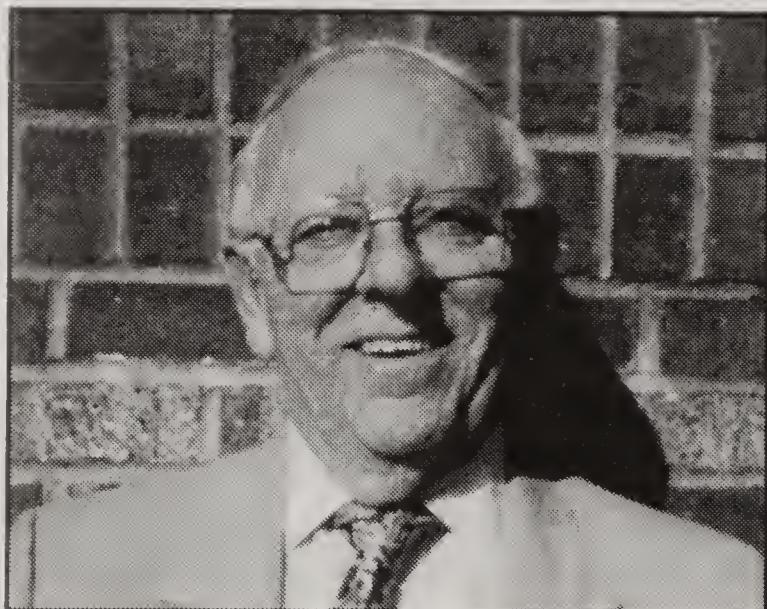
DECEASED: 1/5/2001: Doug Walcutt of Carmel, NY

NEW MEMBERS/REINSTATEMENTS

| NAME | Location | # | Sponsor |
|-------------------|------------------|------|-------------|
| James Vosburg Jr. | Concord MA | | Re-instated |
| Brian K Enoch | Dallas TX | 3394 | F. Clark |
| Rich. Giovannelli | Mentor OH | 3395 | P. Pollard |
| Patrick Caine | Wausauke, WI | 3396 | P. Pollard |
| Tom O'Mara | Rumson NJ | 3397 | Brandimore |
| Mike Schewe | Marshalltown IA | 3398 | F. Clark |
| Wm Arnold, | Cheyenne WY | 3399 | B. Thiel |
| Jos. Schneider | Middletown NY | 3400 | B. Thiel |
| Philip Boyle | Jupiter FL | 3401 | P. Pollard |
| Graham Lovell | Long Beach CA | 3402 | B. Thiel |
| John Sternweis | Shawnee OK | 3403 | F. Clark |
| Philip Blue | Pueblo CO | 3404 | P. Pollard |
| Richd. Goodman | Silver Spring MD | 3405 | F. Clark |
| John Difruscio | Boston MA | 3306 | F. Clark |
| Larry Burton | McKenzie AL | 3407 | B. Thiel |
| Harry Gaines | APO AE | 3408 | P. Pollard |
| Robert McNeill | Dodgeville WI | 3409 | F. Clark |
| Lance Schweitzer | Santa Fe NM | 3410 | P. Pollard |
| Arth. Williams | Franklin TN | 3411 | F. Clark |
| Ron Dykeman | Muskegon MI | 3412 | P. Pollard |
| Wm D. Moore | Valparaiso IN | 3413 | P. Pollard |
| Allen Munro | Amesbury MD | 3414 | F. Clark |
| Robt Lynch | Newtonville NY | 3415 | P. Pollard |

Editor's Notes: Terrible news from Florida: As many of you know by now, **Doug Walcutt** suffered a heart attack and died at the FUN Show in Florida where he was looking forward to helping put up a big paper money display. We will miss him and the wonderful articles he shared with us on National Bank Notes.

This issue we are running an article by Dr. Wallace Lee on Obsolete Bank Notes. Budding and not so budding authors are encouraged to submit information on your passion for our paper money hobby. We have a large number of Small Size collectors, so certainly anything dealing with this exploding segment of the market is timely. Nationals and Large Size, Type as well as Fractionals are also of interest to our readers. If you don't play you can't win as they say about the Lottery....as there are \$100, \$50 and \$25 prizes for 1st, 2nd and 3rd place in our annual literary competition.



PRESIDENT'S COLUMN: MSNS was another big event following Thanksgiving Day as it usually is. A terrific turnout for dealers & collectors as well. Following this big event was the FUN Show in Orlando, Florida. This show keeps growing in popularity every year. It has a lot going for it, mainly the sunshine and warm temperatures while we northern states are buried in snow and freezing conditions. They are now building additional spaces for the expansion of their Convention Center, which is already the largest in the nation. I have attended this Show in Florida since it's early days in Miami, then Tampa and then at the Orlando hotels before the Convention Center was built. I have watched this show grow each year while many of the others dwindle, just like many of

the coin clubs...for a general lack of interest. I believe this stems from the escalating costs for coins, paper money, hotel expenses, etc. to attend these shows. Travel room and board eat up a tremendous amount of our spending money and reduces the amount we have left to make new acquisitions for our collections. I guess this is a fact of life. Inflation is here to stay so we just have to live with it...although it seems the costs never end. Obsolete currency has really increased in popularity due, for one thing, the internet marketing on E-Bay has really exploded. There are 60 to 70 Michigan notes being sold on e-bay every week besides some of the other auction companies that sell paper money like Yahoo, Heritage Paper Money, & Collector's Universe. National Currency has always had a great following and Michigan notes are no exception. This year there was a new discovery note from Croswell that sold for nearly \$21,000 to set a new record for the sale of a Michigan bank note. It takes deep pockets to stay in the "game" when notes sell for figures like that.

MSNS Spring Show will be held in Lansing, Michigan this year May 18, 19 and 20. Hope to see many of you there as PMCM will have a meeting on Saturday.

We would also like to see some nice exhibits...so dig into your favorite notes and bring them out for everyone to see.

Dr. Wallace Lee,
President PMCM

OUR COVER THIS ISSUE: A Proof impression of a \$500 Bill mock-up. Authorized under 1878 legislation; BUT, date stamped May 13, 1939. This was discovered in the Smithsonian archives by the late Doug Walcutt. It is a mate to last issue's \$1000 note??? How did this come to be? If we ever find out, we'll be sure to tell you.

Club News: The Currency Club of Chester County continues to thrive. Why, PROGRAMS!!! Nothing beats a little education in your favorite hobby. My enthusiasm for collecting was whetted considerably by numismatic presentations at the Grosse Pointe Numismatic Society a number of years ago. Most of us have quite a bit of passion about our collections. Share the passion...drive to a meeting in Chester county if you're fortunate enough to be in driving distance...or Dallas, or Long Island...or liven up your own local club. I give talks on a regular basis to community groups and they seem fascinated by old colonial currency or fractionals...how much more other collectors will be...Now go and do the right thing, as Dr. Laura would say. Speaking of Clubs...the ANA has acknowledged our gift of \$500 toward the library. It looks like lots of folks are jumping on the Band wagon...we already there. Speaking of Band wagons, Join the Society of Paper Money collectors if you don't already belong. Many of our new members have come to us through Frank Clark's efforts. Frank is the president and refers new SPMC members top other paper money clubs as well. Their magazine is award winning and well worth the dues. Answer Frank's ad in the Free Want ads today and join up.

FREE CLASSIFIED'S

A History of Bermuda & It's Paper Money, 2nd edition. \$60 and Addendum of notes of 200. Postpaid if PMCM member...add the membership #. Dr. Nelson Page Aspen 420 Owen Road, West Chester PA 19380-4321 PMCM# 1228.

FRN Sale: Crisp Uncirculated FRN Band Packs of 1977 Stars, 1977A & 1977. Will accept any reasonable offer. Michael Bluhm, 72345 Beverly Way, Rancho Mirage CA 92270.

WANTED: \$1.00 Crisp Uncirculated 1928 to 1999 with the serial number ending with #25. Send your price

wanted to: Allen Camacho, PMCM #2073, PO Box 42736, Tucson, AZ 85733-2736.

Join the Society of Paper Money Collectors, \$24 write F. Clark, PO Box 117060, Carrollton TX 75011.

Join the Fractional Currency Collectors Board: New membership \$15. \$20 with Simplified book on Fractionals, \$30 with simplified book plus Encyclopedia by Friedberg: Write Brandimore at my address in the front.

The Currency Club of Chester County regrets the death of Doug Walcutt, LM100. Sympathy cards to his mon- RR#12, Carmel, NY 10512. CCCC, 420 Owen Rd., West Chester, PA 19380.

New List of Michigan Obsoletes available for 55 cent SASE. L. Falater, Box 81, Allen MI 49227.

NEW Catalogue #92 featuring extensive selection of OVER 300 Low and Special S/N's, all silver certificates, \$1 to \$100 FRN's, Autographs, Errors, USN's, GC's, STARS and Types, Large Currency, Small Nationals. Please send \$3. Graeme Ton Jr. 203 47th Street, Gulfport, MS 39507. PMCM# 1593

Anyone interested in Trading, Exchanging, Selling or Buying Uncut Sheets of US \$1, \$2, \$5 and \$10 FRN's Please contact me: Herbert L. Glover Box 8941, Trenton, NJ 08650.

Wanted: Michigan sm size Nationals-Algonac, Almont, Capac, L'Anse, Millington, St. Clair Shores, And 100-2 Grand Rapids. Wm Herzog PO Box 6038, Saginaw MI 48608.

Collector looking for Fractional F#1296 in circulated condition. Bill Brandimore 1009 Nina, Wausau WI 54403. (715)842-5015 after 6pm.

Better Minnesota Nationals and Obsolete Banknotes needed for my personal collection. Write with your best price or call (507)289-5099. Jerry Swanson PO Box 565, Rochester, MN 55903

Free United States Currency Catalog 16 pages of all types of US notes, Small Large, MPC, Stars, errors, Nationals, etc. email kennethmullane@aol.com or call (617)523-0003 write PO Box 130105, Boston MA 02113. ANA, SPMC, PMCM, FCCB, IBNS, LANSA

Need 95 \$1 FRN Beginning with Zero: AK-BC-BD-BI-BM-BN-BQ-BU-BV-CD-CF-DJ-DM-DP-EK-EP-FC-FQ(FW)-GC-GD-GJ-HH-HJ. Ronald Dobbins 824 Lindendale Court, Columbus OH 43204 SPMC# 2211.

Radars, True Radars, 2 digit or Quad. Repeaters, and Binary. \$1 FRN's that either begin with or end with 6-in-a-row in the serial numbers. Roger Kneece, PO Box 147, Indian Trail NC 28079.

Buying Packs of 100 or more of the following FRN's H (St. Louis) Can use any year, any block #, must be unc. POMEXPORT LTD., PO Box 2, Ridgefield Park, NJ 07660 USA. FAX 1-201-641-1700. Tel 1-201-641-6641. Email: steve@pomexport.com

Wanted: Upper Peninsula of Michigan Nationals, Obsoletes, checks, Mining Scrip, Stocks, Tokens, etc. Anything UP. Write with descriptions & prices asked. Tim Larsen, 1111 wilson Ave., Green Bay WI, 54303 PMCM# 3113. Email starrnote@juno.com

\$2 Millennium matched end numbers \$375 per set. \$5 FRN F* 91995) (RARE). WEB + BP295 notes Circ and UNC. Blocks & Stars 1963-1999-will trade or sell. Call 212-665-2112. Alex Delatola, PO Box 20718, New York NY 10025. PMCM# 3192.

Trade: I will trade you 5, 10, 15, 20 or 25 of my consecutive CU \$1 star notes CU 1999 L* for your equal or comparable number of CU star notes which are different from mine. Thomas R Harrison, 4838 Andrea Court, Livermore, CA 94550 PMCM # 3330. Kayland@msn.com

US & Foreign Paper Money & Coins at Wholesale prices! ALSO, Tokens, Medals, & Ancients--available in our monthly Mail Bid Auction Catalog--CALL 800-364-2948, ext. 300 for **FREE CATALOG!** Or view/bid at www.JamesJReeves.com (code rp) James J Reeves, inc since 1976.

Have lots of ABAB and AbxxxxAB \$1 notes. Need some, let's trade. Paul G. Meadows, PO Box 398 Northport AL 35476. PMCM# 2212

WANTED: \$5 Raymondville, Texas National Bank Note. Charter 12789. Raplh Osborn 380 Concord St., Vidor TX 77662-6002

Looking for New Trades of 1-5-10-20 \$ notes. All letters answered. I have many notes to trade. Lawrence O'Neal, PO Box 110262, Nashville, TN 37222

Wanted: Picture Post card of any NY or CT National Banks. Also need any rare charter #'s of NY and CT Nationals. Large and small type needed. LuckyLee@cyburban.com Leon Silverman 237 Mamaronek Avenue, White Plains NY 10605. PMCM 2170.

WEB Notes: Buying and Trading. Send serial numbers, block, plate combination and priocelist. Please contact at snail mail address or e-mail at taxman415@954access.net Scott Simpson, 7180 SW 6th Street, Plantation FL 33317. PMCM#3321

RARE WEBS WANTED. See my want list at:

Any help is greatly appreciated!

www.geocities.com/webhead88a/DavesWebNotes.html

David Spencer, unit 5116 APO AA, 34038. PMCM#3181

Complete CU \$2 1995 Block set. Very Scarce! Seven notes Set consists of b; locks FA-FB-FC-FD-FE-FF and F* Blocks FC-FD-FE and FF were issued in uncut sheets only. Multiple sets. \$67 postpaid. Rick Wilcox, 10245 Kempwood Dr. #143, Houston TX 77043. PMCM# 3382.

Wanted: \$5 1995 F/* CU or Circ and have 1995 A/D WEBs to trade, if you are interested. If not, state your price. Doug Murray, PO Box 2, Portage, MI 49081.

Wanted: NEW YOT NATIONALS...Large and Small, Please send Charter number and description. John Hanik, PO Box 102, LynBrook, NY 11563-4040. LM#32

BEP REPORT

NOV 2001

| | | | | | | | | |
|-------|------|------|-----|------|------|-------|------|------------|
| \$1 | 1999 | A06 | 400 | 001E | A96 | 000 | 000E | 89,600,000 |
| | | A00 | 000 | 001F | A12 | 800 | 000F | 12,800,000 |
| | | B38 | 400 | 001H | B96 | 000 | 000H | 57,600,000 |
| | | B00 | 000 | 001I | B44 | 800 | 001I | 44,800,000 |
| fw | | G83 | 200 | 001E | G96 | 000 | 000E | 12,800,000 |
| fw | | G00 | 000 | 001F | G51 | ,200, | 000F | 51,200,000 |
| fw | | L12 | 800 | 001K | L96 | 000 | 000K | 83,200,000 |
| fw | | L00 | 000 | 001L | L32 | 000 | 000L | 32,000,000 |
| \$5fw | 1999 | BA19 | 200 | 001A | BA51 | 200 | 000A | 32,000,000 |
| fw | | BB25 | 600 | 001B | BB57 | 600 | 000B | 32,000,000 |
| \$10 | 1999 | BG00 | 000 | 001B | BG32 | 000 | 000B | 32,000,000 |
| | | BI00 | 000 | 001A | BI06 | 400 | 000A | 6,400,000 |
| | | BJ06 | 400 | 001A | BJ19 | 200 | 000A | 12,800,000 |

| | | | | | | | |
|------------|------|-----|------|------|-----|------|------------|
| \$20fw1999 | BG64 | 000 | 001F | BG96 | 000 | 000F | 32,000,000 |
| fw | BG00 | 000 | 001G | BG32 | 000 | 000G | 32,000,000 |

| | | | | | | | | |
|-------|------|------|-----|------|------|-----|------|------------|
| \$100 | 1999 | BD00 | 000 | 001A | BD16 | 000 | 000A | 16,000,000 |
| | | BE00 | 000 | 001A | BE41 | 600 | 000A | 41,600,000 |

STARS

| | | | | | | | | |
|-------|------|------|-----|------|------|-----|------|-----------|
| \$1 | 1999 | A03 | 200 | 001* | A06 | 400 | 000* | 3,200,000 |
| fw | | L03 | 200 | 001 | L06 | 400 | 000* | 3,200,000 |
| \$5fw | 1999 | BA00 | 000 | 001* | BA03 | 200 | 000* | 3,200,000 |
| \$100 | 1999 | BA03 | 200 | 001* | BA03 | 520 | 000* | 320,000 |

DEC

| | | | | | | | | |
|-----|------|-----|-----|------|-----|-----|------|------------|
| \$1 | 1999 | A12 | 800 | 001F | A96 | 000 | 000F | 83,200,000 |
| | | A00 | 000 | 001G | A06 | 400 | 000G | 6,400,000 |
| | | B44 | 800 | 001I | B96 | 000 | 000I | 51,200,000 |
| | | B00 | 000 | 001J | B51 | 200 | 000J | 51,200,000 |
| fw | | G51 | 200 | 001F | G96 | 000 | 000F | 44,800,000 |
| | | G00 | 000 | 001G | G44 | 800 | 000G | 44,800,000 |
| | | K70 | 400 | 001E | K89 | 600 | 000E | 19,200,000 |
| | | L32 | 000 | 001L | L83 | 200 | 000L | 51,200,000 |

| | | | | | | | | | |
|-------|------|------|-----|------|------|-----|------|------------|------------|
| \$5fw | 1999 | BA51 | 200 | 001A | BA | 64 | 000 | 000A | 12,800,000 |
| fw | | BD25 | 600 | 001A | BD57 | 600 | 000A | 32,000,000 | |

| | | | | | | | | |
|------|------|------|-----|------|------|-----|------|------------|
| \$10 | 1999 | BF76 | 800 | 001A | BF89 | 600 | 000A | 12,800,000 |
|------|------|------|-----|------|------|-----|------|------------|

| | | | | | | | |
|------------|------|-----|------|------|-----|------|------------|
| \$20fw1999 | BF00 | 000 | 001E | BF51 | 200 | 000E | 51,200,000 |
|------------|------|-----|------|------|-----|------|------------|

| | | | | | | | | |
|-------|------|------|-----|------|--------|------|------------|------------|
| \$100 | 1999 | BF00 | 000 | 001A | BF1200 | 000A | 12,800,000 | |
| | | BG00 | 000 | 001A | BG32 | 000 | 000A | 32,000,000 |

JAN

| | | | | | | | | | |
|-------|------|------|-------|------|------|------|------|------------|------------|
| \$1 | 1999 | A06 | 400 | 001G | A76 | 800 | 000G | 70,400,000 | |
| | | B51 | 200 | 001J | B96 | 000 | 000J | 44,800,000 | |
| | | B00 | 000 | 001K | B57 | 600 | 000K | 57,600,000 | |
| | | C25 | 600 | 001G | C57 | 600 | 000G | 32,000,000 | |
| fw | | G44 | 800 | 001G | G96 | 000 | 000G | 51,200,000 | |
| fw | | G00 | 000 | 001H | G76 | 800 | 000H | 76,800,000 | |
| fw | | K89 | 600 | 001E | K96 | 000 | 000E | 6,400,000 | |
| fw | | K00 | 000 | 001F | K25 | 600 | 000F | 25,600,000 | |
| fw | | L83 | 200 | 001L | L96 | 000 | 000L | 12,800,000 | |
| fw | | L00 | 000 | 001M | L51 | 200 | 000M | 51,200,000 | |
| \$5 | fw | 1999 | BC578 | 600 | 001A | BC96 | 000 | 000A | 38,400,000 |
| fw | | BD57 | 600 | 001A | BD70 | 400 | 000A | 12,800,000 | |
| \$10 | 1999 | BF89 | 600 | 001A | BF96 | 000 | 000A | 6,400,000 | |
| | | BF00 | 000 | 001B | BF70 | 400 | 000B | 70,400,000 | |
| \$20 | fw | 1999 | BF51 | 200 | 001E | BF96 | 000 | 000E | 44,800,000 |
| fw | | BF00 | 000 | 001F | BF12 | 800 | 000F | 12,800,000 | |
| fw | | BH00 | 000 | 001A | BH12 | 800 | 000A | 12,800,000 | |
| \$100 | 1999 | BH00 | 000 | 001A | BH16 | 000 | 000A | 16,000,000 | |
| | | BJ00 | 000 | 001A | BJ16 | 000 | 000A | 16,000,000 | |
| | | BK00 | 000 | 001A | BK12 | 800 | 000A | 12,800,000 | |

STARS

| | | | | | | | | |
|-----|------|-----|-----|------|-----|-----|------|---------|
| \$1 | 1999 | B00 | 000 | 001* | B00 | 320 | 000* | 320,000 |
|-----|------|-----|-----|------|-----|-----|------|---------|

IN MEMORY OF
DOUG WALCUTT
1935-2001
FROM
HIS FRIENDS AND COLLEAGUES OF
THE
CURRENCY CLUB OF LONG ISLAND

We are fortunate to have one more article by the late Doug Walcutt to offer in the Rag Picker. I received a phone call a few nights ago from WEB specialist Bob Kvederas Sr. who, as you may recall from our Oct-Dec issue of 2000, was acknowledged by Doug for his assistance as a colleague, friend and fellow collector who provided Doug with timely suggestions and input. Bob is assembling Doug's final article which will be published in the next Rag Picker. We certainly hope that Bob, and/or others who were involved in this long running series will move towards Doug's dream of a published book on his findings. Look for that article in the April-May-June Rag Picker.

This month we have several articles for your education and entertainment...one on Hughes Markets Food Stamp Credit Scrip by Frank Clark...and a "teaser" excerpt from a work in process by our President Dr. Wallace Lee. It is at Krause Publishing at the present time and is expected out by the end of this year. The subject is Michigan Notes and it will deal with all Scrip and Obsolete notes of 1806-1860 and National's from 1863-1934. Wally warns that it will probably exceed 750 pages...so put that on your book list, and enjoy the excerpt that follows.

THE WILDCAT ERA IN MICHIGAN

by Dr. Wallace Lee

This entire book deals with the period of time, 1837 to 1839 basically. That was found to be a great experience in the banking business of the whole nation. The term "wildcat" has been defined as "not sound or safe; unreliable; irresponsible; applied to unsound business houses, enterprises or methods; as a wildcat bank, mine or scheme." Therefore a wildcat bank was one which issued notes

in excess of it's capacity to redeem them. Wildcat banking was a very eventful phase of our banking history and left a long trail of bank notes behind it. Within the space of about a year, there were 49 banks created and about 40 actually went into operation. The nominal capital of which was \$3,915,000.

Wildcat or wild cat was a term used for the new banks that were established under the General Banking Law of 1837 but soon was applied to the chartered banks also as they had the same demise. There are various theories as to where the name wildcat came from but probably a combination of the following.

1. Missouri territory in 1816 passed an act to pay a bounty on wolves, panthers and wildcats of 95 cents and these bounties were paid with "wildcat certificates" that could be used to pay taxes.

2. Most of these banks were deep in the woods where the wildcats roam.

3. Many of the notes depicted wild animals.

4. Some banks opened at new locations and overstamped their old notes with red or black ink to indicate a different location and were thus called "red dogs."

5. This term of red dog also stems from notes of Belchertown, Massachusetts that were printed on real thick paper that was tinted red. The notes were brought to Michigan by a young man when the bank failed and he purchased land at \$1.25 per acre from the Michigan land speculators who were eager to sell land. Thus these worthless bankrupt notes were redeemed.

Synonymous with wildcat are the terms shin plasters, rag tag, brindle pup and stump tail.

The period of time before the wildcat days of 1837 was what spawned the idea of the "free banking

system." The First Bank of the United States was chartered in 1791 and approved by George Washington based on a paper currency as Hamilton advised and not on specie as Jefferson wanted. It's charter was for 70 years and opened in Philadelphia, PA. In 1791 there were only three banks in the U.S., by 1811 there were 88 banks. The need for a strong central bank was thought unnecessary and the banks charter was not renewed on an 18 to 17 vote in the Senate.

The War of 1812 brought heavy demands for money that was harder to come by without a strong central bank so the Second Bank of the United States was chartered in 1816 to fill this void. One of the reasons for opening this central bank was that it could demand specie payment for the notes it redeemed from the other state banks which curtailed these banks from issuing excessive amounts of currency that was not sufficiently backed up by specie.

Nicholas Biddle was the capable president and manager of the Second Bank of the United States but he could not get along with President Andrew "Old Hickory" Jackson who called the bank a monster and became obsessed with it's destruction. In anticipation of Jackson's veto Biddle tried to get the bank rechartered in 1832, four years ahead of it's ending in 1836. But this failed and thereafter the deposits of the bank were started on a withdrawal basis and sent to selected state banks called "pet banks." Jackson was a hard money man and wanted to inhibit the use of paper money so he induced the specie circular on July 11, 1836 that required only gold and silver be used to purchase public lands. This slowed speculation in land sales. This caused a hoarding of coins after the panic of 1837 and the following depression and brought on the Hard Times Tokens. President

Jackson was wrong because his hard money plan failed; he should have tried to reform the Second Bank of the U.S. Also Biddle was wrong by forcing banks to redeem their notes in specie.

The first meeting of the Michigan State Legislature began Jan. 3, 1837 and lasted until March 22. Michigan was admitted to the Union on March 26, 1837 to become the 26th state. The second session was June 12-22 and the last one Nov. 9-Dec. 30. A total of 143 days and they 144 laws by the sixteen senators and 50 representatives. Stevens T. Mason was the first governor of the State of Michigan.

The General "Banking Law" went into effect on March 15, 1837 and this law authorized any 12 persons to make an application to the treasurer of the senate for a bank. The capital stock had to be at least \$50,000 and not more than \$300,000 and 30% of this capital had to be in specie by the time of commencing operations. This law was honestly written with a lot of restrictions in it and was received and enthusiastically approved. A relief was sought by all the people to get out of the depressions of 1836 and they felt this was the answer-to have an abundance of paper money. All this was fine thinking at the time but in a mere three months the entire U.S. was in a deplorable financial and commercial embarrassment due to over-banking and over-trading. The effect of this was causing a depreciation of bank notes and the price of commodities which called for an extension of credits producing a large debt. Thus the specie would not meet these outstanding issues and the eastern banks got their state legislatures to agree to suspend specie payment. This would cause a drain of specie out of the State of Michigan so on June 22, 1837 specie was suspended by the Michigan banks by an act of the Michigan legislature. Now

this act was a real crime because now men were free to open a bank and didn't have to redeem the bank notes until May 16, 1838 when specie payments were to be resumed. What a temptation this was for the unscrupulous speculator and the adventurer, dreaming only of wealth and ready to risk all in pursuit of it. We can hardly be surprised at the events which followed which marked this period in our history as a most wonderful time in financial history.

The legislature sought to apply a check on these new banks by appointing three bank commissioners instead of just one and have them examine their books and their specie. The examiners soon found that instead of actual gold and silver that specie certificates were being used and were given by bank officers as a receipt of specie being held on deposit. Also "borrowed" specie was often used and then returned by a fast courier. In this way an unscrupulous man could open a whole lot of banks without the expenditure of the 30% specie requirement.

The following Michigan banks were put in operation in 1838 by the use of borrowed specie certificates, viz:: Bank of Gibralter, Bank of Oakland, Bank of Kensington, Bank of Brest, Bank of Lenawee, Bank of Allegan, Bank of St. Joseph, Bank of Coldwater, Bank of Clinton, Bank of Goodrich, Bank of Lapeer, Detroit City Bank, Farmer's Bank of Oakland, Oakland County Bank, Clinton Canal Bank, Exchange Bank of Shiawassee, Wayne County Bank, Saginaw City Bank, Jackson City Bank, Farmer's Bank of Sandstone, Farmer's and Mechanics' Bank of Pontiac, Bank of Marshall.

The bank examiners, a lot of times, recognized the specie at the various banks as a lot of it was composed of foreign coins that were easily recognized. Many banks never even had specie of

any kind, not even borrowed specie. In the time of about a year 49 banks were organized and about 40 of them went into business with an aggregate capital of \$3,195,000 meaning a required (30%) \$1,745,000 in specie had to be in the hands of these banks if they had abided by the law. No way!

The crisis finally came and the catastrophe could not be averted. When these bank' doors closed there was left a floating of their notes never to be redeemed. So widespread was the collapse of the wildcat banks that it also affected the chartered banks and by 1839 the bank commissioners report states only three chartered banks and four wildcat banks remained. It is estimated that at least \$1 million were unredeemed and therefore a dead loss on the community. Many who lost money were honest law abiding citizens who attempted to check the evil of the fraudulent bankers.

If you found this except as interesting as I did be sure to look for Dr. Lee's book sometime this year.

HUGHES MARKETS FOOD STAMP CHANGE SCRIP

by Frank Clark

I have a small collection of food stamp credit change scrip. These were used as substitutes for coin by establishments that accepted food stamps (actually, they should be called food coupons, but that is another story) and the establishment had to give back change under a dollar to a customer. This program lasted until December 31, 1978 when the scrip was replaced by regular U.S. coinage.

My most favorite piece in my collection is the 5 cent scrip I have on the Hughes Markets. This is one of the few pieces of food stamp scrip you will find with the printer listed on the scrip. In this

case the Jeffries Banknote Company of Los Angeles. Jeffries produced many different kinds of security documents for West Coast firms over the years.

There are many reasons why I like it the most. It is printed on security paper and it has a currency like inner frame and the denomination is within a guilloche. It is also printed with green ink and therefore looks like currency. But the main reason is because it has seen circulation. Most of the food stamp credit change scrip you see can be classified as remainders and was obtained after the program expired. There are two small tears at the bottom of the note and it has one major diagonal fold. Also, the upper right hand corner has been "clipped." I always wondered why this was so and the only conclusion I came to was this was a random incident of violence inflicted on the scrip in its past. The scrip is also uniface.

The note had been sitting in my collection for many years. I had never seen another, but I never really looked. I figured it was not rare, just a nice specimen of food stamp credit change scrip.

In the February 2001 Bank Note Reporter, Joe Shafer wrote an article entitled, "Unusual Note Leads to Company Research." The company in question was the Jeffries Banknote Company. In the article the history of the company was discussed plus many of their products were shown. Mr. Shafer showed a 5 cent Hughes Market scrip and enlightened me very much on this issue. The Hughes Markets only issued the 5 cent denomination and the Hughes Markets are in the Greater Los Angeles area. This scrip was also obsolete by the end of 1970. It was not in use at the end of 1978 when remainders could have been obtained by collectors from the many retailers who were suddenly stuck with piles of worthless scrip. But the most interesting fact gleaned from the article was that the upper left hand corner is

cut on all of these because the Hughes Markets chain wanted them to resemble a computer punch card of the era!

I wonder what the reasoning was behind this. They vary greatly in size, the scrip is 5 inches by 2 inches and the computer punch card is 7.375 inches by 3.25 inches. The cut corners are on the same upper corner if you are observing the front of the scrip and if you are observing the back of the computer punch. Card.

Oh well, some questions answered and more questions come to mind. Another day in the life of a numismatist.

Examples of the scrip and a computer punch card are pictured.

Hughes MARKETS

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UNAUTHORIZED RECIPIENTS ONLY IN FOOD STAMP PROGRAM

22

New Edition of "STANDARD CATALOG OF UNITED STATES PAPER MONEY" a review by Jerry Remick

The 19th edition of the catalog by hester Krause and Robert Lemke, as edited by Joel T Edler was released in November 2000 by Krause Publications. It is available for \$29.95 U.S. retail, add \$3.25 for shipping & handling by mail from the publisher Krause Publications, Book Department

PRMM, 700 East State Steet, Iola WI 54990-0001. Telephone: 715-445-2214. Toll Free line for credit card purchasers 800-258-0929.

Joel Edler the editor indicates that prices have risen across the board for US material in the fine and exra-fine categories. This 216 page 8 $\frac{1}{2}$ x 11 hard cover book contains ,more than 600 black and white illustrations for 14,000 market valuations for more than 5,500 notes issued from 1812 to date. The book is comprehensive in scope and contains many reference items such as a list of signers of US currency, a grading guide, a 15 page guide to authentication and alphabetical listings of National Banknotes by state and city.

John Wilson, long time Member of PMCM and just about every other numismatic association **is running for ANA President**. John received the endorsement of our Club at the Annual Thanksgiving Show meeting back in November. If you are an ANA member, please support and vote for this long time paper money collector who will keep our collecting interests in mind at ANA, as he has done as a Board member and current Vice President. If you're not a member of ANA...join...the magazine is worth the dues by itself.

Here's what you've missed
by not being a member of the
**Central States
Numismatic Society**

Our award winning quarterly,
The Sentinel, offered these
features in recent issues:

Illegal U.S. coins?

Author R.W. Julian wonders if the use of living
people on 20th Century coinage violated the intent of
the 1866 Congress.

Exposition produced varieties

Akio Lis notes two commemoratives from the Chi-
cago World's Fair resulted in a number of varieties
for collectors.

A break with the past

Theodore Roosevelt could be called the father of
modern coinage, according to Steven Roach's review
of early 20th Century coins.

Mystery surrounds coin

The rare 1913 Liberty Head nickel's genesis re-
mains shrouded by mystery, according to Justin
Perrault.

Roll out the coins

Elongated, or rolled coins, are an inexpensive col-
lectible, says S. Porter Logan.

French coinage

Napoleon Bonaparte's coinage offers a wide op-
portunity for collectors, according to Saul
Needleman.

Now cut that out!



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CENTRAL STATES NUMISMATIC SOCIETY

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| <input type="checkbox"/> Regular Application over 18 years of age | \$8.00 per year |
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| <input type="checkbox"/> Junior Applicant | \$1.00 per year |
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NOTE: The Society year begins on March 1st of each year.

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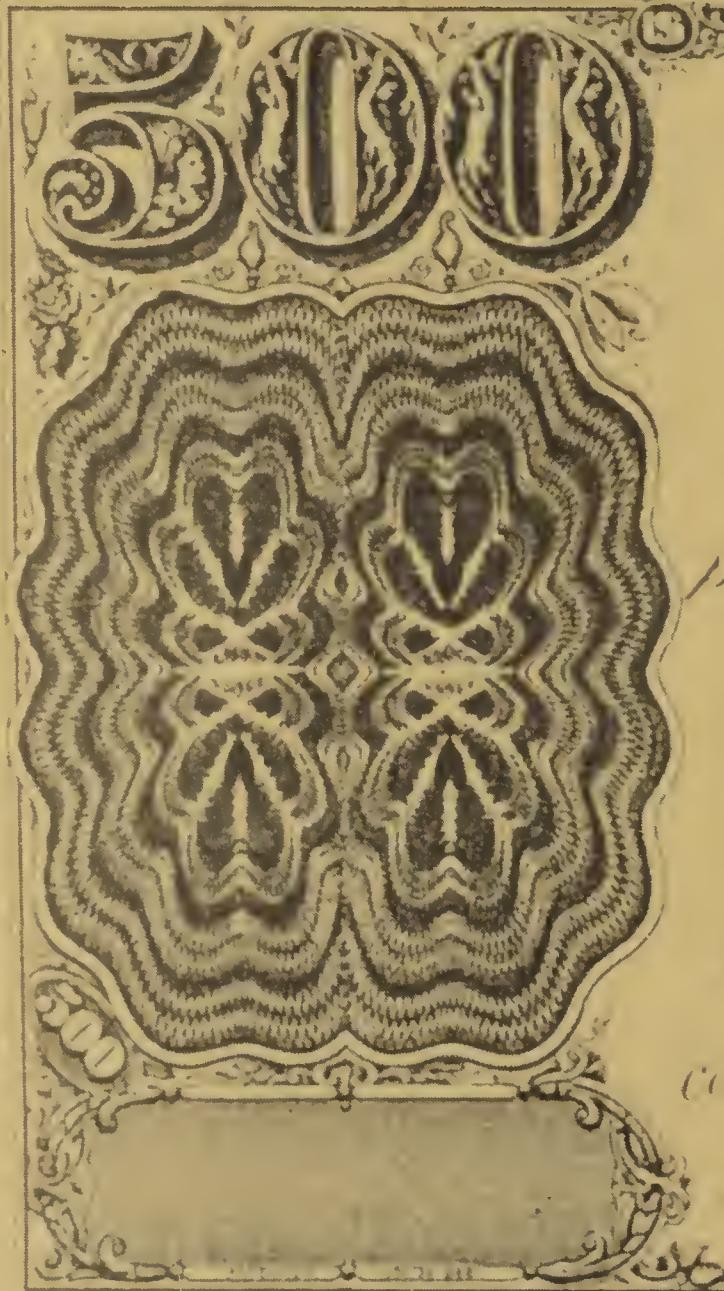
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